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Intergovernmental Preparatory Committee for the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation
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Draft outcome of the Conference

Note by the Secretariat

The Secretariat has the honour to submit the draft outcome of the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation, which was prepared by the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States. The comments and suggestions made by the United Nations Conference on Trade and Development, the Economic Commission for Africa, the Economic Commission for Asia and the Pacific, and the Economic Commission for Europe have been incorporated in the draft outcome.

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I. Introduction

1. One of the development goals (goal 8) of the United Nations Millennium Declaration, which was adopted by heads of State and Government at the Millennium Summit of the United Nations General Assembly in 2000, calls for a global partnership for development through an open, rule-based, predictable and non-discriminatory trading and financial system, including a commitment to good governance, development and poverty reduction — both nationally and internationally. In particular, it calls for a global partnership to address the special needs of landlocked developing countries. The International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation, which has been convened in response to the Millennium Summit, is the first ever United Nations global conference to address the special needs and problems of landlocked developing countries in a holistic manner.

2. Landlocked developing countries, as a group, are generally among the poorest of developing countries, with the weakest growth rates, and are typically heavily dependent on a very limited number of commodities for their export earnings: 16 of the 30 landlocked developing countries are classified as least developed countries. In addition, throughout the 1990s the growth rate of the landlocked developing countries has been negative or much slower than that of other groups of countries, including the least developed countries. Their lack of territorial access to the sea, remoteness and isolation from world markets appear to be among the main causes of their relative poverty.

3. The number of additional border crossings required, the extreme distance from seaports, their isolation from major world markets, the need for frequent reloading of goods, their dependence on the transit policies of foreign countries and the availability of foreign transit facilities and services, their inadequate infrastructure development, and the restraints imposed by cumbersome procedures and documentation requirements substantially inflate the transport costs of landlocked developing countries. There is a clear correlation between distance and transport costs. Inland transport is far more expensive than ocean transport. For landlocked developing countries situated at greater distances from the seacoast, the cost burden is extremely high.

4. Although the difficulties of being landlocked permeate every aspect of the development process, the impact of those difficulties on the evolution of external trade is particularly severe. High transport costs erode both the competitive edge of landlocked developing countries and their trade volume. The trade-reducing effect is strongest for transport-intensive activities. Most, if not all, landlocked developing countries are commodity exporters. The very high transport costs which they must bear constrain export development since that burden limits the range of potential exports and markets in which goods can be competitively and profitably traded. The price of imports tends to soar because of high transport costs. Lower export earnings and increased costs of imports tend to have an adverse effect on the terms of trade of landlocked developing countries. Indeed, it may be assumed that those countries will generally be the hardest hit under the mounting pressures of the worsening terms of trade for the developing countries as a whole. Furthermore, the fact that landlocked developing countries may be required to pay for transit services in foreign exchange negatively affects their balance of payments.

5. In most cases, the transit neighbours of landlocked developing countries are themselves developing countries, often of broadly similar economic structure and beset by similar scarcities of resources. The recorded trade between landlocked and transit developing countries tends to be relatively insignificant. The least developed transit countries are in an especially difficult situation. In many cases, transit developing countries are typically not in a position to offer transport systems of a high technical and administrative standard to which their landlocked neighbours could link themselves effectively by merely developing their own internal transport systems.

II. Partnerships

6. Efficient transit transport systems can only be established through genuine partnerships between landlocked and transit developing countries and their development partners, and through partnerships between public and private sectors at the national, subregional, regional and global levels. Partnerships should be based on the mutual benefits deriving from the specific actions that major stakeholders have agreed to undertake in the present programme of action in order to establish efficient transit transport systems.

7. The establishment of efficient transit transport systems will depend on cooperative arrangements between landlocked developing countries and their transit neighbours. An effective strategy to improve transit transport systems requires action at the subregional and regional levels because cooperation between landlocked and transit developing countries is essential for the effective solution of transit problems. That cooperation must be promoted on the basis of the mutual interest of both landlocked and transit developing countries.

8. The private sector is both the service provider and the user of transit transport services. An important feature of the transport industry is the convergence between private- and public-sector economics. Business is an important stakeholder in society and a main contributor to the development of infrastructure and productive capacity.

9. The cost implications of meeting the requirements to establish and maintain an efficient transit transport system are often of such magnitude that the landlocked and transit developing countries cannot accomplish that formidable task by themselves. The development partners of landlocked and transit developing countries are expected to play an important role in supporting and assisting them in their efforts to establish efficient transit transport systems.

10. The interests and concerns of landlocked and transit developing countries and their development partners in establishing efficient transit transport systems should be considered as complimentary and mutually reinforcing.

III. Objectives

11. The objective of the present programme of action is to address the special needs and problems of landlocked developing countries, in particular the need for efficient and reliable transit transport systems. The programme of action provides a general framework for a partnership to establish efficient transit transport systems in

landlocked and transit developing countries that aims to (a) secure unfettered access to the sea by all means of transport; (b) reduce costs and improve services so as to increase the competitiveness of their exports; (c) reduce the delivered costs of their imports; (d) free trade routes from delays and uncertainties; (e) develop an adequate national network; (f) reduce loss, damage and deterioration en route; and (k) open the way for export expansion.

IV. Priorities

Priority 1
Fundamental transit policy issues

12. The landlocked and transit developing countries should continue to pursue objectives to reduce the costs of transit transport through investment in facilities and measures that will improve the quality of operational services in transit transport corridors; diversify their transit routes to reduce dependence on the facilities of a single transit corridor; and promote the development of their own international transport services sectors. Effective cooperation and coordination between landlocked and transit developing countries are essential to their success.

13. It is important for policies and regulatory regimes to be harmonized and for Governments to devise the necessary policy measures. Those measures should ensure that transport supply capacities in landlocked and transit developing countries are further strengthened and that traders are placed in a position to effectively take advantage of the trade and investment opportunities offered by the globalizing world economy and the international trading system.

14. Landlocked and transit developing countries need to assign a higher priority to the transport sector. They should review and revise their regulatory frameworks, where necessary, to allow a greater participation of the private sector; introduce reform measures to make providers of transport services more responsive to user demands; establish streamlined administrative procedures; introduce a system of transport performance indicators; promote the use of information technology; and strengthen training programmes in the sector. Those priorities should be an integral part of a policy reform programme that will lead to a development policy based on strengthening the commercial capabilities of national service suppliers and increasing the competitiveness of the transport services sector.

15. In order to encourage more efficient transit transport systems, the necessary institutional arrangements should be promoted within the framework of regional transit regimes that should be based on agreed sets of rules governing the passage of transit traffic. Such agreements are particularly important for landlocked countries. International conventions, such as those concluded under the auspices of the Economic Commission for Europe on transport and transit, as well as regional and bilateral agreements ratified by landlocked and transit developing countries, are the main vehicles through which the harmonization, simplification and standardization of rules and documentation can be achieved. The implementation of such coordination arrangements, however, remains generally weak because of the lack of an effective monitoring and enforcement mechanism.

16. In some regions, transit developing countries, rightfully exercising full sovereignty over their territory, have sought to ensure that the rights and facilities provided for landlocked countries do not infringe on their own legitimate interests, which has sometimes led to the imposition of restrictive and time-consuming security systems. However, it is important for landlocked and transit developing countries to pay renewed attention to those measures with a view to ensuring the rapid movement of goods in transit.

17. At the international level, development partners, in particular the multilateral aid agencies, should give high priority to transportation project financing. There is a need for new infrastructure investment through official development assistance and private-sector foreign direct investment. Despite the long-term nature of infrastructure investments, there is potential for action that could have an immediate positive impact on infrastructure projects that are already in the planning or implementation stages. The purpose of such an initiative would be to develop a more systematic approach to the enhancement of transport infrastructure, and in that regard multilateral funding institutions and other donors should continue to focus on funding infrastructure and equipment projects.

18. Action and assistance programmes must take into account the interests of both landlocked and transit developing countries since transit transport policy requires cooperation.

Specific actions

19. The following specific actions are required:

(a) Landlocked and transit developing countries need to give a high priority to developing and modernizing existing facilities and to increasing the commercial orientation of international transport and infrastructure;

(b) Reform in the transport sector should be aggressively pursued to further promote the liberalization of the transit sector and the greater involvement of the private sector in providing transport services;

(c) Landlocked and transit developing countries should support the development of a market-oriented commercial environment by liberalizing trade in transit services and establishing a competitive market in which the suppliers of such services are profit-driven;

(d) The establishment of regional transport corridors and the adoption of common rules and standards should play a major role in transit transport facilitation. In that regard, the role of the subregional organizations should be further strengthened. The regional commissions and subregional organizations, especially those in Africa, need further assistance from development partners;

(e) In order to improve transit security, which may be impaired by disruptions in the main transit corridor, landlocked countries should strive to develop alternative routes. That policy also opens up the possibility of commercializing the transit issue by fostering competition between ports and transit corridors. However, the development of alternative transit routes should be based on a full analysis of the costs and benefits involved;

(f) The existing institutional mechanisms at the policy and operational levels to monitor and promote the implementation of agreements and arrangements involving all major shareholders should be further strengthened. There is a need to promote public/private sector dialogue and cooperation. The development partners should provide the necessary technical assistance in that regard;

(g) The use of international agreements has long been a successful instrument in promoting efficient and reliable transit transport systems. Landlocked and transit developing countries should consider further enhancing efforts to adhere to those conventions. Development partners should provide the necessary technical assistance to those countries, as appropriate, in promoting those instruments;

(h) Landlocked countries should consider adopting measures to restructure their production and trade patterns through the promotion of projects geared towards importation substitution programmes and greater regional and subregional trade;

(i) Efforts should be made to promote integrated training programmes encompassing all levels, from the top management to low-level operators, in both the public and private sectors. Development partners should provide much more assistance in that regard;

(j) Landlocked and transit countries should make efforts to facilitate adherence to appropriate environmental standards;

(k) Landlocked and transit developing countries should enact policies to promote the integration of local operators into global transport systems, thus allowing them to take advantage of advanced technologies and operating practices.

Priority 2
Infrastructure development

20. Inadequate infrastructure is the major obstacle to establishing efficient transit transport systems in landlocked and transit developing countries. Many of the existing transit transport facilities in landlocked and transit developing countries are inadequate, unreliable, not cost-effective and technologically handicapped. Overcoming those obstacles will involve considerable investment, capacity-building, new policies and institutional reform.

21. The share of national resources and official development assistance allocated to infrastructure development in landlocked developing countries is insignificant relative to that of other developing countries, in particular transit developing countries.

22. The challenge of establishing adequate infrastructure facilities goes beyond the public sector and there is a need to involve the private sector, which in turn will require adopting new approaches to the provision of infrastructure services and new financing mechanisms. It will also require the support of development partners.

23. With major changes occurring in the organization of international transport on a global scale, new investments must be made, particularly with regard to containerization, since inefficiencies in transit corridors very frequently result in longer transit times, with the result that container turnaround times required by

shipping lines cannot be ensured. Facilities for handling containers also need to be extensively built up.

24. Communications facilities are required to facilitate an advance knowledge of transport service availabilities and to ensure smooth and speedy transit.

25. The deterioration of transport infrastructure is a general problem that affects both landlocked and transit developing countries. It is associated with the fiscal crises, lack of organizational capabilities and lack of funds available for maintenance, as well as overuse of facilities, particularly roads. In some landlocked countries, the maintenance burden is simply too great to be addressed without external financial assistance. There is considerable potential for private-sector involvement in infrastructure development in landlocked and transit developing countries.

26. A prerequisite for successfully attracting private investment in infrastructure projects is a sound regulatory and institutional framework. Regional and subregional economic cooperation and integration can help to overcome problems of market size, especially in landlocked developing countries, attracting the private sector to invest in infrastructure development. At the same time, building infrastructure would facilitate regional and subregional economic integration.

27. The New Partnership for Africa's Development (NEPAD) is an important initiative that would convert Africa's economic development into tangible projects. It is particularly important because most landlocked and transit developing countries are in Africa. NEPAD links investment and good governance, and should boost the creation of subregional and regional infrastructure. The special needs of landlocked developing countries should be taken into careful consideration in the implementation of the trans-African highways, Asian highways and trans-Asian railway projects.

28. Landlocked and transit developing countries should make every effort to provide a conducive environment for using all transport modes in transit transport service in order to encourage competition between different transport modes, particularly road and rail transport. There are clear advantages that accrue from the well balanced and managed use of both rail and road transport. Policies should be developed which will enable both modes to compete fairly in a commercial environment for transit traffic.

29. There is a lack of coordination between roads, rail and inland waterways transport services and transport services crossing the borders of neighbouring countries. Multimodal transport capacities should be further developed.

Specific actions

30. The following specific actions are required:

(a) A holistic approach to transport sector development is needed that takes into account physical, policy, procedural and institutional considerations;

(b) Governments should further develop door-to-door (multimodal) services and encourage the establishment of multimodal transport operators by providing guidelines and model codes/laws/regulations covering customs regulations and procedures;

(c) Landlocked developing countries should allocate a greater share of public investment to the development of infrastructure and priority attention should be given to transport infrastructure development. Particular attention should be given to constructing missing links in the regional transport network. Development partners should provide greater assistance to landlocked developing countries in order to reduce the gap between landlocked and transit developing countries in infrastructure coverage;

(d) The current downward trend of official development assistance should be reversed;

(e) Development partners should provide financial and technical assistance in the form of grants or concessional loans for the construction, maintenance and improvement of their transport, storage and other transit-related facilities;

(f) To be sustainable, action and assistance programmes must include the development of financial and institutional capacities for maintenance. Without maintenance, the benefits of investment programmes quickly fade;

(g) Development partners should provide a higher level of financial resources to the landlocked and transit developing countries to meet their transit transport infrastructure needs. A high priority should be given to transit transport infrastructure development projects, in particular missing links in transit corridors in landlocked and transit developing countries. Development partners should also encourage private-sector participation in transit transport infrastructure development through co-financing and playing a catalytic role in attracting foreign direct investment. Particular importance should be given to financing missing links in transit transport corridors;

(h) Development partners, in particular donor countries, should encourage and undertake effective measures to encourage their private sectors to contribute to the upgrading of transit transport infrastructure in landlocked and transit developing countries;

(i) Private-public partnership platforms along trade and transport corridors should be promoted based on the development and extensive use of common information and communication technology-based management and monitoring systems, which are essential tools to assist the trans-border traffic of road vehicles, the interchange of rolling stock and the tracking of cargo and road equipment;

(j) Mutually agreed arrangements should be developed or strengthened and should cover, inter alia, uniform axle load limits, the use of weighbridges, control of the overloading of trucks, container seals and security controls, as well as common customs transit guarantee systems.

A. Rail transport

31. Railways have an important role to play in the transit transport corridor systems linking ocean ports with landlocked countries. In most landlocked developing countries, railways do not provide the availability, frequency and regularity of services demanded by traders. The major concerns are the persistent problem of limited availability of equipment, including locomotives and wagons, and poor maintenance standards. There have also been additional problems

associated with establishing inter-railway agreements, covering working practices, hire and interchange arrangements for rolling stock and other equipment, and through booking arrangements resulting in the reciprocal collection of railway charges. One significant action that could both improve the quality of service provided by railways and promote information exchange would be the establishment of information systems for tracking wagons and freight.

Specific actions

32. The following specific actions are required:

(a) Landlocked and transit developing countries should agree at the subregional or regional level on new railway connections, and should also establish rehabilitation programmes for existing railway facilities in tandem with new technological improvements and innovations;

(b) Landlocked and transit developing countries should, as a matter of priority, improve the maintenance of track and rolling stock. They should also purchase new rolling stock and expand the railway network, where justified by traffic volume;

(c) Landlocked and transit developing countries should improve the utilization of existing locomotives and rolling stock through the application of tracking and other information and management control systems;

(d) Landlocked and transit developing countries should set up modern rail terminals in ports and provide appropriate cargo-handling equipment at marine and inland terminals;

(e) Landlocked and transit developing countries should improve the scheduling and management of services to eliminate delays and encourage the establishment of integrated door-to-door services, using a combination of road, rail and, where appropriate, inland waterway transport;

(f) Landlocked and transit developing countries should establish more effective mechanisms to implement bilateral and subregional inter-railway agreements related to such key areas as payments procedures, conditions for using and returning wagons, maintenance of wagons, standardization of railway equipment, methods of dealing with damage and repairs to wagons, and consultations and arbitration procedures;

(g) Landlocked and transit developing countries should consider providing a greater operational autonomy to railway managements by carrying out appropriate restructuring plans;

(h) Commercial criteria should be considered in the operation of railways, and competition with other modes should be promoted and their complementary roles enhanced;

(i) Governments should take the necessary initiative to adhere to relevant international conventions related to rail and combined transport, which provide internationally accepted rules that guarantee an efficient and safe environment for inter-country rail and combined transport operations;

(j) Training programmes at both the national and subregional levels should be expanded and maintained, and inter-railway staff exchange programmes should be encouraged;

(k) Development partners should provide support assistance in implementing those actions through additional funding and appropriate technical cooperation. In that regard, trilateral modality of technical cooperation should be given particular attention.

B. Road transport

33. Road transport is an increasingly important mode of transport for the imports and exports of landlocked countries. In particular, road transport is the main mode of transit transport in Africa. There is a growing shift of traffic from railways to road traffic because of the possibility of achieving better service standards in terms of reliability, speed and security in transit. That trend, however, remains under challenge as a result of both policy and operational constraints, which need to be addressed aggressively if the road haulage industry is to maintain its competitive edge over other modes of transit transport.

34. Investment in the expansion of the road transit infrastructure is increasing. Yet, considering the magnitude of the required investments, further sizeable resource allocations are required from all sources for road development projects, particularly with assistance from the development partners of landlocked and transit developing countries. The key problem area, particularly with regard to international road transport, is poor maintenance, which is closely associated with the rampant practice of overloading vehicles. National and subregional initiatives have been taken to set axle-load limits and to harmonize axle-load regulations, but those efforts have not led to significant progress because of poor coordination of mechanisms to enforce the recommended uniform axle-load regulations, including the use of weighbridges.

35. Another area of action in road transport concerns protectionist measures, which both landlocked and coastal countries have used to develop their international road haulage sectors. Protectionist measures are evident in unilateral decisions to use road permit systems to disallow road haulers of landlocked countries operating in transit countries, and vice versa. It is important that both landlocked and transit countries encourage the liberalization of trade in road transport services.

36. The transit country has the right to ensure that transit goods are not diverted for use in the transit country and to impose necessary requirements to that end. However, it is important that coastal and landlocked countries work together to establish regional or corridor transit regimes in which security regulations are not excessive and not used to slow down transit traffic.

Specific actions

37. The following specific actions are required:

(a) Landlocked and transit developing countries should agree at the regional or subregional level on a network of roads of international importance, which they should expand and upgrade to increase road transport capacity. They should also pay particular attention to the repair and maintenance of existing facilities;

(b) The implementation of subregional and regional infrastructure development plans should be further enhanced. In particular, a high priority should be given to transit corridors linking landlocked developing countries to the transport network in transit developing countries and the regional network;

(c) Investments from all sources should be substantially enhanced to develop road transit infrastructure in landlocked and transit developing countries;

(d) Landlocked and transit developing countries should consider taking the necessary initiatives to accede to and implement relevant international conventions related to road transport, including those developed under the auspices of the Economic Commission for Europe, which provide internationally accepted rules that guarantee an efficient and safe environment for intercountry road operations;

(e) Regional databases on road transit should be expanded in order to facilitate road transit management and operational planning. Information technology should be broadly used;

(f) The quota system for distributing transit cargo to domestic and foreign truckers and the practice of differential transit charges should be reviewed in bilateral and subregional contexts as part of a broader policy to deregulate the road transit haulage industry;

(g) Such measures as roadblocks and customs convoys should be reviewed and replaced by a more efficient means to provide security in transit transport;

(h) Common integrated third-party insurance schemes at the bilateral, subregional and regional levels should be adopted;

(i) Effective harmonized axle-load regulations and road-maintenance procedures should be introduced at the bilateral and subregional levels;

(j) Existing institutions to monitor the implementation of agreed regulations and procedures should be strengthened, and sanctions for non-compliance should be agreed on and enforced;

(k) Common standards and certification in such areas as road safety, vehicle and driver testing, road permits, driver licensing and vehicle standards, in accordance with the Vienna Conventions on Road Traffic and on Road Signs and Signals and other relevant instruments, should be adopted;

(l) Landlocked and transit developing countries should make efforts to harmonize transit charges at the bilateral, subregional and regional levels, and effective enforcement mechanisms should be introduced;

(m) National and regional training programmes should be expanded and maintained, and the training material should also relate to intercountry road transit transport practices and regulations;

(n) Development partners should provide the necessary financial and technical assistance in the construction of roads and missing links and the implementation of measures to support the efficient use and maintenance of existing road networks.

C. Ports

38. The efficiency of port operations depends on good management by port authorities and also adequate infrastructure. Seaports continue to be a critical bottleneck in the transit system because of a range of physical inadequacies and operational constraints. Cargo-handling capability and performance in the ports of many transit developing countries is poor. Problems include the poor quality of handling and storage facilities for transit cargo, cumbersome procedures for the clearing and release of cargo, congestion and the shortage of skilled manpower. Action is required to rehabilitate and improve ports so that they can cope with modern technological changes in shipping.

39. Dry ports have proved to be an efficient means to further increase the efficiency of transit transport systems.

Specific actions

40. The following specific actions are required:

(a) Landlocked and transit developing countries should seek cooperative arrangements to improve port facilities and services for landlocked developing countries and the establishment of new terminals, where appropriate, with the capacity to handle goods shipped to and from landlocked developing countries;

(b) Landlocked and transit developing countries should liberalize their ports to allow private terminal operations and provide competition to encourage efficiency. Greater autonomy to effect changes should be given to port management authorities;

(c) Landlocked and transit developing countries should promote greater cooperation and coordination between public and private institutions dealing with transit traffic in their ports (customs administration, security personnel, port authorities, commercial banks, clearing and forwarding agents, insurance companies etc.);

(d) Transit developing countries should consider providing the necessary space to landlocked countries for storage and handling of transit cargo; transit countries should also consider putting in place the necessary arrangements to effect the direct delivery of transit cargo;

(e) The establishment of dry ports in landlocked countries should be vigorously promoted in order to ensure speedy and cost-effective movement of cargo, and dry ports should be linked with road or rail connections through integrated data-management systems;

(f) Training programmes for port workers should be expanded and maintained to enable them to adapt to new technologies and procedures;

(g) Development partners should provide support assistance in implementing those actions through additional funding and appropriate technical cooperation. In that regard, the trilateral modality of technical cooperation should be given particular attention;

(h) Transit and landlocked developing countries should agree on measures to speed up the flow of cargo by improving communication links and information systems and by providing dedicated areas for the storage of transit cargo.

D. Inland waterways

41. Inland waterways provide transit services to some landlocked countries. The key problems impeding the efficiency of transit services along such waterways are poor infrastructure (vessel capacity, navigational aids, radio communications etc.), the lack of an appropriate legal framework to govern river/lake operations, and ineffective measures to prevent pollution and promote safety. There are also operational bottlenecks related to the interface with other modes in the transit transport chain.

Specific actions

42. The following specific actions are required:

(a) Further efforts should be undertaken to rehabilitate and expand the lake/river infrastructure facilities along the corridors linking landlocked countries to ocean ports;

(b) Landlocked and transit developing countries should establish a legal framework that creates a basis for collaborative actions at the subregional level and ensures an efficient river/lake transit system, including control measures to promote navigation safety and pollution control;

(c) Efficient interface arrangements with inland transport networks should be established;

(d) The development of new waterways, where possible, should be explored;

(e) Development partners should provide support assistance in implementing the above-mentioned measures through additional funding and appropriate technical cooperation. In that regard, the trilateral modality of technical cooperation should be given particular attention.

E. Pipelines

43. Pipelines provide a cost-effective means of transport for both oil and natural gas. The substantive investments that are required for the construction of pipelines necessitate capital investment from the private sector. The planning and reconstruction of pipelines require close cooperation between landlocked and transit developing countries since pipelines from landlocked developing countries must cross the territory of their transit neighbours.

Specific actions

44. The following specific actions are required:

(a) Landlocked and transit developing countries should cooperate and coordinate to build the most cost-effective and shortest route for the construction of pipelines;

(b) Development partners should provide support assistance in implementing such measures through additional funding and appropriate technical cooperation. In that regard, the trilateral modality of technical cooperation should be given particular attention.

F. Air transport

45. Air transport offers landlocked countries a means of avoiding the transit problems associated with overland and overseas freight movements. However, only very high-value and low-bulk commodities can support the costs of airfreight rates. It is possible to achieve lower levels of airfreight rates through using spare capacity on existing passenger flights. Expansion of air-cargo capacity is made difficult because of inadequate surface distribution systems, low levels of traffic and directional imbalances in freight flows. The main solutions to the problems of directional imbalance and low traffic levels are the creation of multinational regional airlines and the establishment of a hub system of feeder routes. Regional airlines, which are created and run by landlocked and coastal States, could benefit both parties.

Specific actions

46. The following specific actions are required:

(a) Physical infrastructure facilities (aircraft, airport handling and storage facilities) need to be expanded;

(b) Governments and airlines should cooperate in the development of adequate freight collection and distribution systems at the major airports in the landlocked countries;

(c) Governments should liberalize their policies regarding the granting of traffic rights for freight on scheduled services and lift any restrictions on cargo charter flights, which would make it possible to use the existing freight capacity more effectively;

(d) Pooling of air transport arrangements at the regional, subregional and bilateral levels should be further promoted to permit economies of scale;

(e) Training programmes at the national and subregional levels should be expanded and maintained;

(f) Development partners should provide support assistance in implementing the above-mentioned measures through additional funding and appropriate technical cooperation. In that regard, the trilateral modality of technical cooperation should be given particular attention.

G. Communications

47. The remoteness of landlocked developing countries from seaports and overseas markets, compounded by inadequate communication links with various ports and commercial centres, continues to be a major handicap inhibiting the rapid movement of transit cargo. There are other enormous delays in getting cargo in and out of ports since there is irregular information on the time schedules for the arrival and departure of cargo unless cargo monitoring systems are used, which give advance and tracking information on cargo moving within interfaces and along modes. Such information is provided to operators and shippers via the Internet. The costs caused by such delays can be considerable.

Specific actions

48. The following specific actions are required:

(a) Telecommunications facilities should be expanded, including through liberalization, private-sector participation should be encouraged and the management of such facilities should be streamlined;

(b) Development partners should facilitate regional cooperation with a view to linking electricity and telecommunication networks in landlocked developing countries with those in neighbouring transit developing countries.

Priority 3
Trade facilitation

49. Important sources of additional and avoidable costs and inefficiency for landlocked and transit developing countries include poor transport organization, cumbersome border-crossing and customs procedures, multiple documentation requirements, intercountry variation in procedures and documentation, excessive security measures, such as road blocks, customs convoys and costly bank transactions. Landlocked developing countries, with additional border crossings and dependence on transit facilities of their transit neighbours, are the most disadvantaged.

50. Facilitation measures, which aim to simplify, rationalize and harmonize procedures, standardize physical facilities and harmonize trade and transport laws and regulations, provide a means of improving the quality of transit and eliminating avoidable costs and transit delay. Trade facilitation is also both an information-processing and an environment-building activity, allowing long-term solutions that should benefit all stakeholders in the trade and transport sector and thus have a significant influence on the trade and economic growth of landlocked and transit developing countries.

51. International conventions and regional and bilateral agreements are the main means through which harmonization, simplification and standardization and the transparency of rules and documentation can be achieved. The international community has played an important role in supporting the normative law and systems reform process, but greater financial and technical assistance is required to

help landlocked and transit developing countries to effectively implement their cooperative agreements and arrangements.

52. The World Trade Organization rules comprise a variety of provisions, in particular articles V, VIII and X of the General Agreement on Tariffs and Trade, that aim to enhance transparency and set minimum procedural standards. The ministerial declaration adopted at the Fourth Ministerial Conference of the World Trade Organization, held in Doha in November 2001, recognized the case for further expediting the movement, release and clearance of goods, including goods in transit, and the need for enhanced technical assistance and capacity-building in this area. It was agreed that negotiations on trade facilitation would take place after the Fifth Session of the Ministerial Conference on the basis of a decision on the modalities of negotiations to be taken by explicit consensus at that session.

53. New security-related measures could help to provide the accurate and timely information necessary for risk analysis and subsequently for customs clearance. Closer cooperation between national customs administrations, including those in landlocked and transit developing countries, would help the international community to build better monitoring systems and preserve the global integrity of trade.

Specific actions

54. The following specific actions are required:

(a) Governments should have a significant impact, both direct and indirect, on the availability and quality of trade-related financial services;

(b) Customs formalities have gradually evolved and expanded over the decades and all too often no serious attempts have been made at simplification of rationalization. Customs authorities should urgently examine their existing practices and institute a programme of reform for those procedures that are identified as inefficient or redundant;

(c) Customs authorities and transport service providers should make maximum use of information technology to assist them in efficient performance. Computer applications for customs processing should be further introduced or improved. Computer interfaces (using the United Nations Rules for Electronic Data Interchange for Administration, Commerce and Transport (UN/EDIFACT) data interchange standard), which allow the electronic submission of manifests and goods declarations, should be broadly used;

(d) The World Trade Organization is invited to assist landlocked and transit developing countries in the identification of their needs and priorities for trade facilitation. Technical assistance should include such elements as needs for infrastructure and human and financial resources to implement articles V, VIII and X of the General Agreement on Tariffs and Trade, which are currently under consideration. The analysis should not only reflect the actual situation but also help to quantify those needs;

(e) Delay in the release of goods can be caused by a number of factors, including inefficiency and lack of professionalism on the part of some shipping agents, freight forwarders and customs clearing agents/brokers; landlocked and

transit developing countries should therefore set a minimum standard for those professions and closely regulate performance;

(f) Delay in the release of goods can also be caused by a lack of adequate and timely information on the status of cargo; it is therefore important to use data-management systems;

(g) More efforts are required to facilitate transit traffic through border posts. Efforts should be made to ensure that all control agents at the border, including customs, immigration, health, veterinary and phytosanitary agents, coordinate their services to avoid unnecessary delay to transit traffic;

(h) Working hours on both sides of the border should be harmonized and, where traffic density is high, consideration should be given to establishing 24-hour services. Landlocked and transit developing countries are encouraged to establish one-stop border posts;

(i) Landlocked and transit developing countries should consider adhering to and effectively implementing the international conventions and instruments, including the Customs Convention on the International Transport of Goods under Cover of TIR Carnets, that are applicable to various transport segments, including the road, rail, inland waterways and multimodal transport segments. The implementation of trade facilitation measures and instruments, including regional, subregional and bilateral agreements, should be monitored closely;

(j) Landlocked and transit developing countries should strengthen the capacities of government agencies to effectively carry out trade facilitation measures;

(k) Development partners should provide greater grants and concessional financing for human capacity-building at the policy, regulatory and operational levels;

(l) Development partners should give priority attention to providing assistance to projects aimed at further increasing trade efficiency;

(m) The World Customs Organization has a key role to play in raising efficiency in customs services. It is invited to provide greater technical assistance to landlocked and transit developing countries in their efforts to increase the efficiency of customs services;

(n) It is necessary to create a framework for permanent consultations and cooperation between the various parties interested in the facilitation of international trade. Landlocked and transit developing countries should establish and/or strengthen national trade and transport facilitation boards or committees on which representation is ensured for all major stakeholders, including representatives of all relevant sectors of public administration and the private sector, such as manufacturers, traders, carriers, banks, insurance companies, freight forwarders and brokers;

(o) Landlocked and transit developing countries should recognize the need to minimize the incidents and complexities of import and export formalities and to decrease and simplify import and export documentation requirements;

(p) All fees and charges related to transit trade should be limited in amount to the approximate cost of services rendered and should not represent the indirect

protection of domestic products or the taxation of imports or exports for fiscal purposes;

(q) Critical service standards should be established at the subregional, regional and global levels in relation to, in particular: (a) speed of transit (average transit time, shipping frequency, loading rates in port); (b) certainty of transit (limitation of transit time variability and protection from pilferage, damage and contamination); and (c) control of transit (reliability of information about conditions in port, ease of communications, probability of unexpected problems (e.g., electricity failure) and capacity to resolve problems if they arise). Measures should be put in place to monitor transport corridor performance, including infrastructure serviceability, operations, institutional and management issues, safety, environment and overall impact on the economy and regional integration;

(r) Trading and transport communities should build clusters in which partners can interact and grow together technologically in order to improve trading and distribution channels as well as public trade management capacity. Those facilitation clusters should gather private and public sector participants from shipping lines, shipping agencies, customs brokers, freight forwarders, traders and shippers, customs administrations, sanitary and phytosanitary governmental agencies and other relevant governmental institutions.

Priority 4
International trade

55. Trade is an important engine for development. The Doha work programme adopted at the Fourth Ministerial Conference of the World Trade Organization has provided a major platform for efforts toward realizing the development objective of the international trading system. However, the participation of landlocked developing countries in international trade is severely limited. As of 4 April 2003, one third of the landlocked developing countries are not members of the World Trade Organization and are therefore not in a position to enjoy the benefits offered by the predictable, rule-based international trading system. The share of landlocked developing countries in international trade has been declining throughout the last decade.

56. One of the main causes of the marginalization of landlocked developing countries from the international trading system is high trade transaction costs. Trade and transport are inextricably linked. Transport is a key sector for international trade, for regional integration and for ensuring a balanced national development. Excessive transport costs create a major effective barrier to foreign markets. There is a direct relationship between the availability of adequate transport services and the scope of trade-based development, that is, between the degree of access to a well-functioning transport sector and the degree of participation by countries in the global trading system. It is also necessary for landlocked developing countries to carefully consider their geographical handicap in planning their development strategy.

Specific actions

57. The following specific actions are required:

(a) The accession of landlocked and least developed countries to the World Trade Organization should be facilitated and accelerated through simplified and streamlined accession procedures. Development partners should provide the necessary assistance in that matter;

(b) The decision contained in the Doha ministerial declaration to include in the World Trade Organization work programme an item on small economies to examine issues relating to the trade of those economies, with the objective of formulating responses to the trade-related issues identified for the fuller integration of small, vulnerable countries into the multilateral trading system, is a welcome step since most landlocked developing countries are indeed small and vulnerable economies. In that context, landlocked developing countries should receive special attention;

(c) The current market access facilitation programmes should consider giving particular attention to products of export interest to landlocked developing countries, as was done for the least developed countries, and should also consider exploring ways and means to provide support to those countries in reducing their import costs.

Priority 5
International support measures

58. The cost implications of meeting the requirements to establish and maintain an efficient transit transport system are often of such magnitude that the landlocked and transit countries cannot by themselves accomplish that formidable task. Many of the landlocked developing countries are among the poorest countries and suffer from all the extreme handicaps of the least developed countries. Since most of the transit countries are themselves developing countries with limited resources, the development partners of landlocked and transit developing countries are expected to play an important role in support and assistance, and should therefore take fully into account the special vulnerabilities and developmental needs of landlocked and transit developing countries.

Specific actions

59. The following specific actions are required:

(a) The primary responsibility to implement the present programme of action should rest with landlocked and transit developing countries. However, the international community, including financial and development institutions and donor countries, should provide more support to enable those countries to deal effectively with their transit transport problems and requirements;

(b) A substantial increase is required in the flow of financial and technical assistance from all sources and existing mechanisms, including the private sector.

External financial assistance should be made available in the form of grants and/or on the most concessional terms possible;

(c) The criteria and procedures used to evaluate the viability of transit transport infrastructure projects and programmes, as well as to approve the funds for them, should be flexibly tailored to take into account the particular economic and institutional weaknesses of those countries;

(d) Innovative modalities for financing, such as local cost and recurrent cost financing and non-tied aid, should be given serious consideration;

(e) Foreign direct investments in the transport and communication sectors should be further encouraged.

A. Priority financial assistance

60. The following areas should be considered a priority for financial assistance:

(a) Investments designed to complete missing links in the transit transport chain to extend railways and roads to landlocked developing countries;

(b) The maintenance of existing physical transit transport infrastructures along surface corridors (road, rail, inland waterways, ports and border points) and of the aviation infrastructure when cost-effective;

(c) Development of alternative cost-effective routes;

(d) The development of dry port projects in landlocked developing countries;

(e) Equipment to provide transit services (vehicles, rolling stock, spare parts, trans-shipment, port-handling equipment, customs equipment etc.);

(f) Projects to establish adjacent border points;

(g) Joint projects in trade and production to help bolster subregional and regional trade;

(h) Rehabilitation of the transport infrastructure of countries afflicted by war and domestic strife and natural and man-made disasters.

61. The World Trade Organization, the World Bank, the World Customs Organization and relevant international and regional organizations are invited to give priority to requests for technical assistance to supplement national and regional efforts to promote the efficient use of existing transit facilities, including the application of information technologies and the simplification and harmonization of procedures and documents.

62. The United Nations Conference on Trade and Development needs to further expand its programmes, including those concerning electronic commerce, trade facilitation and trade, to include landlocked and transit developing countries. Its Special Programme for the Least Developed, Landlocked and Island Developing Countries should continue to carry out analytical work and technical assistance related to the transit transport problems of landlocked developing countries.

63. The regional commissions need to further expand their programmes to support the landlocked and transit developing countries in their efforts to improve their

transit transport systems, and development partners should consider providing the requisite financial support in that regard.

B. Priority technical assistance

64. The following areas should be considered a priority for technical assistance:

(a) Promoting the implementation of agreed bilateral, subregional and regional transit agreements and working arrangements related to inter-railway management systems; transit documentation; road engineering standards and maintenance procedures; the harmonization of road-user charges and axle-load regulations; the standardization of road-transit regulations; air freighting operations; international conventions related to transit; and the simplification of transit insurance schemes;

(b) Promoting market-oriented transit transport policies;

(c) Encouraging the exchange of experience related to the development and management of transit transport systems in different regions;

(d) Maintaining internationally accepted standards of environmental protection in the transit transport sector;

(e) Promoting and implementing privatization programmes within the transport sector, where appropriate;

(f) Establishing training programmes, inter alia, in the area of customs documentation and transit procedures; freight forwarding and clearing of transit cargo; road safety; environmental protection in the transit transport sector; transit insurance; dry port development and management; and expanding regional databases on road transport;

(g) Assisting Governments in elaborating the implications of acceding to relevant international conventions.

65. The United Nations Development Programme and other multilateral funding institutions, as well as the development partners of landlocked and transit developing countries, should consider providing resources to the United Nations Conference on Trade and Development and the regional commissions to continue providing technical assistance to regional and subregional transit transport projects in Africa, Asia and Latin America.

Priority 6
Implementation, monitoring and review

66. The implementation of the present programme of action should be considered as a joint undertaking by the landlocked and transit developing countries; their development partners; the organizations and bodies of the United Nations system; relevant international organizations, such as the World Bank, the regional development banks, the World Trade Organization and the World Customs Organization; and other relevant regional and subregional organizations.

67. Regional cooperation is the most important element in establishing efficient transit transport systems and must be promoted on the basis of the mutual interests of both landlocked and transit countries. Arrangements must be established, where necessary, and further strengthened for regular review and monitoring of the implementation of transit agreements through public and private-sector dialogue and consultations. The private sector should be actively involved in the implementation of the present programme of action.

68. South-South cooperation should be further promoted since most landlocked and transit States are developing countries.

69. The African action plan adopted at the African regional preparatory meeting in Addis Ababa on 7 May 2003, the Asian action plan adopted at the fifty-ninth session of the Economic and Social Commission for Asia and the Pacific in Bangkok on 25 April 2003 and the Asunción programme of action for Latin America adopted at the Latin American regional preparatory meeting in Asunción on 13 March 2003, should be considered as an integral part of the outcomes of the Conference. In that regard, the regional commissions should continue to play a leading role in the implementation and coordination of those regional action plans and programmes.

70. Specific subregional meetings should be organized in the period 2004-2005 to consider ways and means of implementing the present programme of action and the regional programmes of action referred to in paragraph 69 above, including performance criteria and benchmarks for their implementation. The World Bank, the United Nations Conference on Trade and Development, the regional commissions and other relevant international and regional/subregional organizations are invited to provide assistance to landlocked and transit developing countries in organizing those subregional meetings.

71. The Secretary-General of the United Nations is requested to organize a mid-term review in connection with the substantive session of 2008 of the Economic and Social Council. The Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States should coordinate the preparatory process for the mid-term review. The United Nations Conference on Trade and Development, the World Bank and the regional commissions should provide substantive and technical assistance for that process.

72. The Secretary-General of the United Nations is requested to submit an annual progress report on the implementation of the present programme of action to the General Assembly, in which the Secretary-General is requested to include actions undertaken by individual landlocked and transit developing countries, organizations and bodies of the United Nations system, the regional commissions, and relevant international, regional and subregional organizations.

73. In accordance with the mandate given by the General Assembly in its resolution 57/227, the Office of the High Representative is requested to mobilize international support measures, including financial resources, and to monitor, coordinate and mobilize United Nations system-wide efforts for the full and effective implementation of the present programme of action. In addition, the Office of the High Representative is requested to continue to carry out advocacy work to mobilize international awareness and focus attention on the implementation of the present programme of action and the special needs and problems of landlocked developing countries.